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ABSTRACT

In 2001, the Texas Legislature's House Bill 1465 directed the Texas Higher Education Coordinating Board to "establish a pilot project to measure the impact of reducing tuition for junior college courses offered at times of low enrollment demand in order to promote greater access to higher education and more efficient use of junior college facilities and resources." Eight of the 50 Texas public community college districts volunteered and were selected to participate in the program. All state-funded credit and non-credit courses were eligible. The pilot period ran from fall 2001 through summer 2003. Tuition rates were reduced by 50% (not including fees). Each of the eight districts experienced some enrollment growth as a result of increased enrollment during off-peak hours. The increases ranged from 0.16% to 37%, with a total number of 2,723 full-time-equivalent students enrolled during off-peak hours. The study found that the costs incurred were significant. However, the cost estimates may reflect an overestimation, since some facilities would have been open and covered by administrative staff whether or not reduced tuition classes were offered. The final outcome of the pilot remains undetermined, but this report contains some observations and recommendations. Breakdown of outcomes by college appended. (Contains 15 tables and 1 figure.) (NB)

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ED 480 320

Reduced Tuition Pilot Program
Final Report

In Response to House Bill 1465 of the 77th Texas Legislature

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October 2002

Texas Higher Education Coordinating Board

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Executive Summary

In 2001, the 77th Texas Legislature's House Bill 1465 directed the Texas Higher Education Coordinating Board to "establish a pilot project to measure the impact of reducing tuition for junior college courses offered at times of low enrollment demand in order to promote greater access to higher education and more efficient use of junior college facilities and resources." The legislation also requires the Coordinating Board report on the pilot project to the Legislature and others no later than December 15, 2002. The report is to measure the impact of reducing tuition during periods of low enrollment demand and the effects of this reduction on enrollment, facilities, scheduling, and costs.

Eight community college districts volunteered and were selected to participate in the pilot. A committee of representatives appointed by the presidents or chancellors of the participating districts met in October 2001 to determine the parameters of the pilot and adopt an implementation plan. The implementation plan was also adopted by the Coordinating Board.

The committee agreed to a 50 percent reduction of tuition only (not fees) for eligible state-funded courses, with some restrictions on distance education offerings. With governing board approval, each district provided the Coordinating Board staff with a plan that identified periods of low enrollment demand and the tuition charge resulting from the 50 percent reduction. While each district was eligible to begin the pilot program as early as fall 2001, most were not able to do so until spring 2002.

Conclusions

The results and impact of the pilot on enrollment, facilities, scheduling, and costs, varied from district to district. However, several conclusions can be drawn:

1. Students did respond to the incentive of reduced tuition to attend classes during off-peak hours. As a result, the colleges better utilized physical facilities in two ways: (1) by attracting students to alternative locations, and (2) by adding new classes at off-peak times, thereby freeing up seats for other students at prime locations and times.

2. While a 50 percent reduction may have attracted a significant number of students to take courses during off-peak periods, the costs incurred were significant enough to suggest more information would be needed to determine an appropriate reduction. There may be a smaller reduction that could achieve the same benefit of increased student enrollment while keeping costs to a minimum.

Recommendations

As a result of the pilot, the Coordinating Board offers two recommendations to the 78th Texas Legislature:

1. To increase participation rates in support of the goals of *Closing the Gaps by 2015,* enact legislation that would allow, but not require, all public two-year colleges (community colleges, technical colleges, and state colleges) to provide reduced tuition opportunities during periods of low enrollment demand.

2. If legislation is enacted, it should allow the governing boards of each district or college to determine the rate of reduction and whether that reduction should apply to fees as well as tuition, the periods of low enrollment demand for each educational site, and the courses to be offered.

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Introduction

In 2001, the 77th Texas Legislature's House Bill 1465 (Appendix A) directed the Texas Higher Education Coordinating Board to "establish a pilot project to measure the impact of reducing tuition for junior college courses offered at times of low enrollment demand in order to promote greater access to higher education and more efficient use of junior college facilities and resources." The legislation requires the Coordinating Board report on the pilot project to the Legislature and others no later than December 15, 2002. The report is to measure the impact of reducing tuition during periods of low enrollment demand and the effects of this reduction on enrollment, facilities, scheduling, and costs.

Of Texas 50 public community college districts, eight volunteered and were selected to participate in the pilot. Representatives appointed by the presidents or chancellors of the participating districts met in October 2001 to determine the parameters of the pilot (Appendix B) and adopt an implementation plan (Appendix C). The implementation plan was also adopted by the Coordinating Board at its October 2001 meeting.

The periods of low enrollment demand (off-peak periods) from which the districts were eligible to choose included the following time frames:

- afternoons
- late evenings until 8 a.m. the next day
- weekends, beginning Friday afternoon and ending 8 a.m. on Monday
- summer sessions
- interim sessions
- mini-mesters or flex-mesters

All state-funded credit or non-credit courses were eligible for the pilot. However, each district was given the freedom to determine the courses to be included. With multi-campus districts (Alamo, Houston, North Harris Montgomery, and San Jacinto), course offerings might differ from one campus to another based on each campus' need for filling off-peak class hours. Distance education courses could be included if college-owned facilities were used.

The pilot period included fall 2001 through fall 2002, with an extension through summer 2003. This extension ensures that students who participated in the pilot would not be unduly harmed financially.

Prior to implementation of the pilot, each participating district provided the Coordinating Board staff with a district plan based on the parameters of the pilot. Each district plan included the following:

- Periods of low enrollment demand indicated by institution, campus or educational site
- Specific tuition charge to be used as a result of the reduction
- Governing board approval

Periods of Low Enrollment Demand

Each district was given the option of including off-peak periods based upon the needs of each college or campus within the district. The off-peak periods selected by each district were as follows:

Alamo Community College District	Monday-Thursday, 1:30-5:30 p.m. Friday, 1:30-10 p.m.
Austin Community College	Monday-Thursday, 1:30-5:30 p.m. Monday-Thursday, 8:20 p.m.-7:30 a.m. Friday, 1:30 p.m. – Monday, 7:30 a.m.
Dallas County Community College District	Monday-Thursday, 1:30-4:15 p.m. Friday, 1:30 p.m. – Sunday, 11 p.m.
Houston Community College System	Monday-Friday, prior to 8 a.m. Monday-Friday, 1-5 p.m. Monday-Friday, after 8 p.m. Friday, 1 p.m. – Sunday, 11 p.m.
Lee College	Monday-Friday, prior to 8 a.m. Monday-Thursday, 1-5 p.m. Monday-Thursday, after 8 p.m. Friday, 12 noon – Sunday
McLennan College	Monday-Friday, 2-6 p.m.
North Harris Montgomery Community College District	Friday, 4:30 p.m. – Sunday
San Jacinto Community College District	Monday-Friday, 1:30-5:30 p.m.

Eligible Courses

The participating districts agreed to include in the pilot all state-funded credit and non-credit courses. Distance education courses were eligible only if some district facilities were involved.

Each district was given the freedom to select the specific courses to include from among the state-funded courses offered during off-peak times. For example, some districts did not include higher-cost courses, such as nursing or laboratory classes, and one chose to limit its offerings to high-demand classes that were shown to be at or near full capacity during the morning hours. Of the districts that reported actual course offerings, the number of offerings ranged from as few as eight specifically targeted classes at Lee College to as many as 893 courses at Austin Community College.

Tuition Charge

In an agreement reached in the meeting held with representatives from all eight participating districts, the tuition reduction rate was set at 50 percent of tuition. Fees

were not included in the reduction. The reduced tuition rate charged per semester credit hour by each district follows:

	In-District	Out-of-District	Out-of-State/Country
Alamo Community College District	$15.00	$27.75	$54.25
Austin Community College	$16.00	$40.50	$84.00
Dallas County Community College District	$13.00	$23.00	$38.00
Houston Community College System	$9.50	$9.50	$35.00
Lee College	$7.00	$32.00	--
McLennan College	$14.50	$19.50	$47.00
North Harris Montgomery Community College District	$13.00	$20.00	--
San Jacinto Community College District	$9.00	$17.00	$30.00

Impact and Results

The results and impact of the pilot on enrollment, facilities, scheduling, and costs, varied from district to district. However, several common concerns and issues were identified.

A. Enrollment

Each of the eight participating districts experienced some enrollment growth as a result of increased enrollment during the off-peak periods. Even though headcount enrollments were not provided by each district, a comparison of the full-time-student-equivalents could be made for the off-peak periods.

The tuition reductions affected each district differently. The growth of off-peak enrollment as measured in contact hours ranged from 0.16 percent (Alamo Community College District) to 37 percent (Dallas County Community College District).

	Increase in Off-Peak Periods from One-Year Prior			
	Spring 2002	Summer 2002	Fall 2002	Total FTSE*
Alamo Community College District	0.46 %	--	0.16 %	141
Austin Community College	9 %	--	--	237
Dallas County Community College District	18 %	--	37 %	1542
Houston Community College System	19 %	--	--	208
Lee College	6 %	--	--	18
McLennan College	11 %	not reported	--	140
North Harris Montgomery Community College District	13 %	110 %	--	129
San Jacinto Community College District	6 %	--	24 %	308

*Full-time-student-equivalent (FTSE) = 300 contact hours

For spring, summer, and fall 2002, there was an increase of 817,113 contact hours or 2723 full-time-equivalent-students over the same periods one year prior for all eight districts combined. While not all of the growth can be attributed to the effects of

the pilot, most participants agree that a large portion of the growth is a direct result of the reduced tuition efforts.

B. Scheduling

To accommodate the expected interest in courses offered in the off-peak periods, most of the districts added classes to their schedules. The number of classes added in the off-peak periods tended to be greatest among those districts that were experiencing difficulty in providing adequate instructional space to meet the strong demand for classes during peak periods. Several districts were at or near ideal maximum capacity during peak enrollment periods. Without the shift of students into the off-peak periods, the districts may not have been able to enroll some students.

C. Costs

While a 50 percent tuition rate reduction may have attracted a significant number of students to take courses during off-peak periods, the costs incurred were significant enough to suggest more information would be needed to determine the appropriate reduction. Two categories of costs were identified by each of the participating districts: (1) direct costs, or the loss of tuition and fee income from the reduction itself, and (2) indirect costs, which include institutional support (governance, business services, campus security, personnel services, and related costs), student services (registration, student financial services, counseling, and related costs), academic support (library, instructional administration including faculty), physical plant operation (utilities, custodial service, building and grounds maintenance, and related costs), and staff benefits.

Since most districts did not provide revenue estimates for the pilot program, an estimate of the compensating revenues for each district was provided as an indication of the financial success of the pilot. One component of estimated revenue is tuition and fees received. The second component is derived by first determining the average rate of formula reimbursement per contact hour by district using certified spring 2002 data. This rate was then applied to the increase in total number of contact hours generated during the off-peak periods for each semester in which the district offered the program. The following chart illustrates the affect of costs and revenues on the district and the estimated gain or loss from the pilot by district.

	Total Estimated Revenues	Total Costs	Gain or <Loss>
Alamo Community College District	239,775	393,205	(153,430)[1]
Austin Community College	400,537	1,317,847[4]	(917,310)[2]
Dallas County Community College District	4,077,238	5,854,451	(1,777,213)[1]
Houston Community College System	347,015	586,139	(239,124)[2]
Lee College	44,383	47,349	(2,966)[2]
McLennan College	245,135	341,423	(96,288)[3]
North Harris Montgomery Community College District	295,878	235,480	60,398[3]
San Jacinto Community College District	521,755	906,707	(384,952)[1]

[1] Spring 2002 and fall 2002
[2] Spring 2002 only
[3] Spring 2002 and summer 2002
[4] Includes only direct expenses

The costs associated with physical plant operations may not be strictly attributable to the pilot if the facilities in which the pilot classes were offered would have been used for other purposes. Some districts have made the case that their facilities would have been opened and covered by administrative staff whether or not reduced tuition classes were offered. Therefore, the cost estimates may reflect an overestimation of the expenses associated with the offering of reduced tuition classes.

D. Facilities

While some districts scheduled no more classes than normally offered during the off-peak periods, others made special efforts to do so. Even with varied approaches to scheduling, there was general recognition of the need to maximize current facility use for several reasons:

- Strong growth in the demographics and demand for education in each of their geographic areas
- Need to accommodate higher participation rates as outlined the Coordinating Board's plan for *Closing the Gaps by 2015*
- Increasing enrollments in peak hours
- Need to provide classes at varying times to fulfill the needs of students
- Interest in avoiding the cost of building new classrooms and laboratory facilities

Although the impact on parking was not identified as a study item in the pilot legislation, offering reduced tuition classes in off-peak periods may alleviate parking problems if shifts in enrollment occur from peak periods to off-peak periods. In addition, parking is likely less a problem for students enrolled in off-peak classes. For example, McLennan reported that students who chose to enroll in the off-peak courses did not appear to experience parking difficulties, although the issue is still under study.

Conclusions

While the final outcome about the success of the pilot remains to be determined, some observations and recommendations can be reported. For example, students will respond to the incentive of reduced tuition to attend classes during off-peak hours. This helps the colleges better utilize physical facilities in two ways: (1) by attracting students to alternative locations, and (2) by adding new classes at off-peak times, thereby freeing up classroom seats for other students at prime locations and times.

More students were enrolled as a result of the pilot, with increases ranging from 0.16 percent to 37 percent for the same period one year prior. Overall, 2,723 full-time-equivalent-students enrolled in classes during the off-peak periods, with a substantial number enrolled as a result of the offering of reduced tuition.

Increases in revenue and costs followed enrollment increases. Whether the pilot resulted in a true gain or loss for each of the districts is debatable, especially in light of the concern that some indirect costs associated with the pilot would have been incurred regardless. Perhaps the 50 percent tuition rate reduction was too great to make the program viable. A smaller reduction could increase student enrollment while keeping costs to a minimum.

Recommendations

Based on the pilot program results from each of the eight participating community college districts, the Coordinating Board offers two recommendations to the 78th Texas Legislature:

1. To increase participation rates in support of the goals of *Closing the Gaps by 2015,* enact legislation that would allow, but not require, all public two-year colleges (community colleges, technical colleges, and state colleges) to provide reduced tuition opportunities during periods of low enrollment demand.

2. If legislation is enacted, it should allow the governing boards of each district or college to determine:
   - the rate of reduction and whether that reduction should apply to fees as well as tuition
   - the periods of low enrollment demand for each educational site
   - courses to be offered

APPENDIX A

Sponsored by Rep Ann Kitchen H.B. No. 1465

AN ACT

relating to a pilot project for reduced tuition rates at certain public junior colleges.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter A, Chapter 130, Education Code, is amended by adding Section 130.0033 to read as follows:

Sec. 130.0033. PILOT PROJECT: REDUCED TUITION FOR CERTAIN COURSES. (a) The Texas Higher Education Coordinating Board shall establish a pilot project to measure the impact of reducing tuition for junior college courses offered at times of low enrollment demand in order to promote greater access to higher education and more efficient use of junior college facilities and resources. The coordinating board shall select a reasonable number of public junior colleges to participate in the pilot project.

(b) The governing board of a public junior college selected to participate in the pilot project may charge tuition for a course or courses at a rate established by the governing board that is less than the rate otherwise required by Section 54.051 or other law if the governing board finds that the reduced tuition rate is reasonably necessary to enable the junior college to make efficient use of its facilities or faculty. The finding must be stated in the order or resolution establishing the reduced tuition rate.

(c) Charging tuition at a reduced rate under this section does not affect the right of the public junior college to a proportionate share of state appropriations under Section 130.003 for the contact hours attributable to students paying tuition at the reduced rate.

(d) The governing board of each public junior college participating in the pilot project shall prepare a report on the effects of the reduced tuition on enrollment, facilities, scheduling, and costs and shall deliver a copy of the report to the coordinating board not later than October 30, 2002.

(e) The coordinating board shall prepare a report compiling the results of the pilot project at the public

junior colleges participating in the pilot project and shall submit a copy of the report not later than December 15, 2002, to the governor, the lieutenant governor, the speaker of the house of representatives, and the chair of the standing committee of each house of the legislature with primary jurisdiction over higher education.

SECTION 2. (a) This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2001.

(b) The pilot project under Section 130.0033, Education Code, as added by this Act, applies beginning with the 2001 fall semester.

_____ _____

President of the Senate Speaker of the House

I certify that H.B. No. 1465 was passed by the House on April 10, 2001, by a non-record vote.

_____

Chief Clerk of the House

I certify that H.B. No. 1465 was passed by the Senate on May 10, 2001, by the following vote: Yeas 29, Nays 0, 1 present, not voting.

_____

Secretary of the Senate

APPROVED: _____

Date

_____

Governor

APPENDIX B

PARAMETERS

Reduced Tuition Pilot
House Bill 1465, 77th Texas Legislature
August 2001

Periods of Low Enrollment Demand

- Agreed upon "windows" within which institutions/districts can choose:
  - afternoons
  - late evenings until 8 am next day
  - weekends, beginning Friday afternoon ending 8 am Mondays
  - summer sessions
  - interim sessions
  - mini-mesters or flex-mesters

Eligible Courses

- Only those distance education courses that include some use of facilities
- All state-funded courses (credit, non-credit, distance education with some facility usage, etc.)

Tuition Charge

- 50 percent reduction of tuition only (no fees reduction)

Reporting

- *Enrollment*
  - period of reporting will include any courses from Fall 2001 through Fall 2002
  - each participant will be allowed to extend the offering of the reduced tuition courses through Summer 2003 for students benefit even though reporting will not include Spring and Summer 2003
  - comparison of periods for use in determining effects will be two years of data as base for comparison with similar periods (i.e., Spring 2002 will be compared to Spring 2000 and Spring 2001)
  - selection of courses will be by institution, campus, or educational site
- *Scheduling* – already a part of the reporting since sections of courses are included in CBM reports; additional information to be included in report:
  - times of offerings for pilot vs. past history
  - schedule shifts (students simply moved from one time of day to another because of availability of reduced tuition)

- *Costs* – fiscal officers for each participating institution/district will meet mid-November to determine what will be included as costs; will consider implications for utilities, security, student services, etc.

- *Facilities* – to be addressed in *Enrollment* and *Scheduling*

- Anecdotal evidence or observation may be included in the report

- Report from each institution/district due to Coordinating Board staff October 1, 2002 to allow presentation to the Coordinating Board at its October 2002 meeting

- Final report compiling the results of the pilot will be submitted to the Governor, Lt. Governor, Speaker of the House, and Chairs of the House Higher Education and Senate Education Committees by the Coordinating Board no later than December 15, 2002

INSTITUTION/DISTRICT PLAN

Each participant (institution or district) will develop a plan based on the parameters of the pilot which will include the following:

- Periods of low enrollment demand indicated by institution, campus, or educational site addressing specific needs of the institution, campus, or educational site and limits of technology
- Tuition charge to be used as a result of 50 percent reduction formula
- Anticipated date of governing board action on "rate established…that is reasonably necessary to enable the junior college to make efficient use of its facilities and faculty" [HB 1465, Section 130.003(b)]

Plan must be signed by president or chancellor

Plan due to Coordinating Board staff by October 30, 2001, with understanding that any plans submitted earlier and approved by Board staff can be implemented upon approval

APPENDIX C

IMPLEMENTATION PLAN
Reduced Tuition Pilot
House Bill 1465, 77th Texas Legislature
August 2001

Goal of the Pilot Project

- Measure the impact of reducing tuition for courses offered by community/junior colleges at times of low enrollment demand in order to promote greater access to higher education and more efficient use of facilities and resources. Impact to be measured in terms of effect on enrollment, facilities, scheduling, and costs.

Timeline and Procedures

- August 2001: Board staff solicits volunteer institutions with selection of final participants no later than September 1, 2001. Based on the enabling legislation (HB1465), the Coordinating Board is to select a "reasonable number" of institutions to participate in the pilot. With input from the Texas Association of Community Colleges, 6-10 institutions/districts will be selected for participation with the idea that 20 percent of the total number of districts, or 10 districts, would be the uppermost limit.

- September 2001: Commissioner or his designee appoints an advisory committee comprised of members of the participating institutions/districts as recommended by the chancellor/president of each participating institution/district.

- September 2001: Advisory committee meets to formulate definitions and methodology for measuring the impact of reduced tuition on enrollment, facilities, scheduling, and costs.

- October 2001 – October 2002: Board staff and participants implement the pilot.

- October 2002: Participants submit report to the CB by October Coordinating Board meeting regarding the effects of the reduced tuition on
    - enrollment,
    - facilities,
    - scheduling, and
    - costs.

- December 2002: CB prepares and submits final report due December 15 to the Governor, Lt. Governor, Speaker of the House, Chair of House Higher Education Committee, and Chair of Senate Education Committee.

APPENDIX D

DISTRICT REPORTS

NOTE: Appendices and attachments to individual district reports have not been included. Please contact Lynette Heckmann at the Coordinating Board at Lynette.Heckmann@thecb.state.tx.us for copies of those items.

Alamo Community College District
Reduced Tuition Pilot
Report to The Texas Higher Education Coordinating Board
Related to the Spring Semester, 2002 and the Fall Semester, 2002

I. Introduction

The Alamo Community College District (the District), asked to be included in the Reduced Tuition Pilot Project. This pilot was authorized by the Texas Legislature. The purpose of the Pilot is to determine whether or not students could be financially induced by reducing tuition prices to attend classes during off-peak enrollment periods in order to increase college physical plant utilization. The District's Board of Trustees agreed to reduce tuition for the Spring and Fall Semesters of 2002 and for the Spring Semester of 2003 for off-peak periods of the day and on the week-end. The Board extended the reduced tuition pilot through the Spring 2003 semester to determine whether or not the results merited continuation.

II. Periods of Low Enrollment Demand

The District determined that the periods of low enrollment or off-peak demand would be afternoons and week-ends. The reduced tuition was offered for classes that started between 1:30 and 5:30 p.m. Monday through Thursday, and for courses that start between 1:30 p.m. and 10:00 p.m. on Fridays. Summer sessions, special programs and distance learning classes were not included in the reduced tuition program.

III. Tuition Charge

Tuition is charged during the off-peak periods at one-half of the regular rate per credit hour. The regular tuition rates are $30 for in-county residents; $55.50 for out-of-county residents; and $108.50 for out-of-state and out-of-country residents. The reduced tuition charge is $15, $27.75 and $54.25 respectively for classes during the off-peak times.

IV. Impact and Results

A. Enrollment

The District has seen a small increase in enrollment during the off-peak period subsequent to the reduced tuition pilot program implementation. After the pilot, the off-peak periods represent .3%.

B. Scheduling

Additional classes were added in the off-peak periods. Several of the District's colleges are at or near capacity levels of their classrooms during peak periods.

C. Costs

The attached schedules show a financial analysis of the pilot to the District. There are two distinct components to this analysis. They the direct discount in tuition and the estimated incremental costs for contact hours for those classes that met during the target period. The

values are summarized for the District as $10,827 for the Fall Semester in discounted tuition. Estimated incremental expense was $90,991.

D. Facilities

The District has recognized a need to maximize its current facility use because of:

- strong growth in the demographics and demand for education in Bexar County and
- the need to accommodate higher participation rates as outlined in The Texas Higher Education Coordination Board's Report titled "Closing the Gaps".

Every effort is being made to maximize the use of the space available, before building additional classroom and lab facilities.

V. Conclusion

The verdict remains to be determined on the success or failure of the program. At this point it appears that student behavior has not been greatly influenced by the discounted tuition program. The District experienced minimum growth in non-peak enrollment periods.

Austin Community College

Reduced Tuition Pilot

Introduction

In fall 2001, Austin Community College agreed to participate in a pilot project related to recent legislation allowing community colleges to charge lower tuition for some sections of courses.

The Board invited State Representative Ann Kitchen, a sponsor of the legislation, to its October 15, 2001 meeting. Leslie Pool, her legislative aide, attended the meeting and answered questions about the legislation. At their November 5, 2001 meeting, the ACC Board unanimously passed a resolution authorizing the college to participate in the pilot. [See Attachment A]

ACC chose to implement the reduced tuition pilot in the Spring 2002 semester only.

Time---Periods of Low Enrollment Demand

Courses that started within the following time periods were eligible for reduced tuition:

Late evening---from 8:20 p.m. to 7:30 a.m., Monday through Thursday
Afternoons---from 1:30-5:30 p.m., Monday through Thursday
Weekends--from 1:30 p.m. on Friday to 7:30 a.m. on Monday

ACC applied this methodology to all sections offered during the Spring 2002 semester, including those beginning late in the semester.

Place

ACC has six full-service campuses and offers courses at other locations, including several high schools. Sections offered at all locations were included. Sections taught at remote sites like San Marcos and Fredericksburg were part of the pilot.

Eligible Courses

All sections of all courses meeting the Time and Place parameters were included in the pilot.

This methodology resulted in 893 of 3791 uncombined sections being included in the reduced tuition pilot. [See Attachment B for list of sections] This represents 23.6% of the total uncombined sections that ran during the entire semester.

Students

All students taking credit courses during the Spring 2002 semester were eligible for reduced tuition. The reduced tuition of 50% applied to all tuition statuses—in-district, out-of-district and out-of-state. Thus, and out-of-state and out-of-district students had more incentive to take reduced tuition sections than in-district students.

Tuition Charges

ACC's tuition for Spring 2002 is listed below. It should be noted that out-of-district and out-of-state students saved more and thus had a greater incentive to take reduced tuition courses.

Table 1: Tuition Rates

Tuition Rates	Spring 2002 Tuition (per SCH)	Cost @ 50%	Cost/reduction per course (3 SCH)
In District	$ 32.00	$ 16.00	$ 48.00
Out of District	$ 81.00	$ 40.50	$ 121.50
Out of State/Foreign	$ 168.00	$ 84.00	$ 252.00

Source: ACC Course Schedule, Spring 2002

Impact and Results

Enrollment

This analysis is based on course enrollment, not headcount enrollment. Data from Spring 2001 was used to provide a benchmark with which to compare the Spring 2002 results.

Because ACC experienced an overall increase in enrollment for Academic Year 2001-2002, it is necessary to consider differentiating the increase in enrollment due to the reduced tuition pilot compared to what might have occurred without the incentives provided by reduced tuition. To accomplish this, the rates of increase between reduced tuition and regular tuition sections can be compared. The differential between the enrollment increase of 13.3% for the reduced tuition sections compared to 3.9% for the sections with regular tuition, suggests that students were impacted by the ability to take courses at a lower cost. The difference between these two numbers, 9.4%, can be used to determine a theoretical increase in enrollment. [See Table 2]

Table 2: Analysis of Enrollment

Analysis of Enrollment	Spring 2001		Spring 2002			
	Uncombined Sections	Course Enrollments	Uncombined Sections	Course Enrollments	Change in Enrollment	
Reduced Tuition Model						
Regular Tuition Sections	3,196	52,726	2,898	54,800	2,074	3.9%
Reduced Tuition Sections	899	13,761	893	15,589	1,828	13.3%
Total	4,095	66,487	3,791	70,389	3,902	5.9%

Source: ACC database

[1] Spring 2001 is based on end of term data (entire semester).

[2] Spring 2002 data as of 3/29/2002.

Another confounding factor is that the sections offered in 2001, the comparison year, were not the same as those offered in 2002. The ACC Board requested that an analysis that approximated a "one-for one" matching be conducted. The results are presented in Table 3. This reduced the number of sections to 705 in the pilot and 2490 that were not. While the impact is not as dramatic, it still shows that the sections in the reduced time period had a greater increase in enrollment than those that were not---8.9% compared to 5.6%.

Table 3: One-for-one section analysis

	Spring 2001		**Spring 2002***			
One for one section analysis	Uncombined Sections	Enrollments	Uncombined Sections	Enrollments	Change in Enrollment	
Regular Tuition Sections	2,490	46,410	2,490	48,994	2,584	5.6%
Reduced Tuition Sections	705	12,106	705	13,111	1,005	8.3%
Total	3,195	58,516	3,195	62,105	3,589	6.1%

Source: ACC database

Scheduling

ACC's Spring 2002 Course Schedule had been finalized before the implementation of the Reduced Tuition Pilot. Therefore, there were no immediate impacts on scheduling.

Costs

The direct costs for this project as calculated by ACC's Business Office was $1,317,847. That is, the College would have received this amount of revenue from the

students who took reduced tuition courses had they been charge full tuition. These costs do not include any increase in revenue based on enrollment increase. Applying the 9.4% theoretical increase in enrollment, the College would have gained an additional $72,682 in tuition revenue.

Indirect costs do not play a role in the analysis of costs. Since ACC did not add sections, no additional costs were incurred due to offering this program. All indirect costs would have been incurred whether or not the program was offered.

Facilities

ACC has experienced pressures related to a shortage of instructional space for a number of years. This past year, we conducted a major facility utilization study as part of the development of the Comprehensive Master Plan for 2003 – 2006. ACC's facility usage rate is 82%, above the 62% benchmark of our peer institutions and the 60% suggested by the Council of Educational Facilities Planners, International. The 2001 classroom utilization rates for 7:00 am – 10:00 pm Monday through Friday for each of the six main campuses were as follows: Cypress Creek, 70%; Eastview, 71%; Pinnacle, 79%; Rio Grande, 72%; Riverside, 72%.

Analysis

During the Spring 2002 semester, ACC realized that the lost tuition revenue was greater than anticipated. The criteria used to designate the reduced tuition was very liberal and included sections that had been filled in past semesters. A model was developed to determine the results if other criteria were used. Several items were included:

- Limiting tuition reductions to in-district students only
- Limiting courses to those that start at the beginning of the semester, prior to the census date for the CBM001
- Limiting the courses to those offered at main campuses
- Modifying the times eligible for reduced tuition
- Excluding courses that typically are full
- Changing the percent of the reduction to 33% or 25% of in-district tuition
- Applying it to in- and out-of-district students but limiting the amount to the dollar amount of the reduction for in-district students

These criteria were applied to a theoretical model, the results of which are presented in Table 4. [See also Attachment C] And the Following Assumptions:

- The same numbers of students take each section each term
- The same percentage of in- and out- of district students attend each term
- Tuition calculations based on Spring 2002 tuition amounts
- State reimbursement calculations based on an average $4 per contact hour

The Theoretical Tuition calculated in this model was based on semester credit hours for each course times the tuition for each of the tuition status residency groups. The College's percentage of each residency group was used to determine the number of semester credit hours for in- and out-of-district and out-of-state students. Tuition waivers were also accounted for in the model.

These analyses suggest that even with an assumed increase in tuition due to a 9.4% enrollment increase, the College would continue to experience a loss in revenue. The only scenario that would negate this would be a possible increase in contact hour reimbursement from the state.

Conclusions

Clearly student behavior was impacted: enrollment in reduced tuition sections increased by 13.3% compared to 3.9% for other sections. Even controlling for variations in sections scheduled from year to year by creating a one-for-one scenario, enrollment in reduced tuition sections grew by 8.3% compared to 5.6%. However, the College lost over one million dollars in tuition revenue during this pilot. During a base year, this revenue would help off set any loss due to decreases in tuition revenue.

ACC's facility usage rate is high even during off-peak hours. This decreases the potential impact of offering courses at a reduced tuition. That is, because many ACC students are already taking classes at off peak hours, the relative shift of students from peak to off-peak is less than for institutions where students are not already enrolling in classes at off-peak time. In addition, the viability of offering such a substantial discount to all students can be questioned. Savings to out-of-state and out-of-district students are higher than for in-district students, and the College loses more in tuition revenue from these students. Limiting the amount of savings to a dollar amount based on a percentage of in-district tuition increases the viability of the plan.

The viability of charging reduced tuition would be enhanced by providing a premium for state reimbursement for contact hours generated in off-peak times.

Table 4: Analysis of various reduced tuition models

Spring 2002	Number of Reduced Tuition Sections	Student Course Enrollments (Reduced)	Theoretical Tuition (Total)	Net amount lost (Theoretical tuition less reduced)	Number of SCH in reduced tuition sections	Increased tuition [1]	Net with increased tuition	Contact hours in reduced sections	Reimbursement for increase in Con Hr	Net with Con Hr reimbursement [2]
No reduced--Projected			$ 9,709,364	$ -						
"Pilot" model--Spring 02 methodology	893	15589	$ 8,614,488	$ (1,094,875)	48,326	$72,682	$ (1,022,193)	936,899	$ 352,274	$ (669,919)
"Pilot" model--In district only @ 50% or $16 per SCH	893	10923	$ 9,157,855	$ (551,508)	33,861	$50,927	$ (500,581)	936,899	$ 352,274	$ (199,234)
Courses starting during start of semester (Census) only	849	14937	$ 8,652,792	$ (1,056,571)	46,305	$69,642	$ (986,929)	897,714	$ 337,540	$ (719,031)
Main Campuses/Census only	800	14214	$ 8,701,713	$ (1,007,651)	44,063	$66,271	$ (941,380)	854,261	$ 321,202	$ (686,449)
Time modification/Census only	448	6980	$ 9,230,889	$ (478,475)	21,638	$32,544	$ (445,932)	419,498	$ 157,731	$ (320,744)
Selected courses/Census--High Demand/faculty rec	531	9636	$ 9,031,401	$ (677,962)	29,872	$44,927	$ (633,035)	579,124	$ 217,750	$ (460,212)
Main Campuses/Selected courses/Census	509	9293	$ 9,054,014	$ (655,349)	28,808	$43,328	$ (612,022)	558,509	$ 209,999	$ (445,350)
In district only @ 50% or $16 per SCH										
Main Campuses/Census only	800	9960	$ 9,201,792	$ (507,572)	30,876	$46,438	$ (461,135)	854,261	$ 321,202	$ (186,370)
Time modification/Census only	448	4891	$ 9,468,347	$ (241,017)	15,162	$22,804	$ (218,213)	419,498	$ 157,731	$ (83,285)
Selected courses/Census--High Demand/faculty rec	531	6752	$ 9,367,862	$ (341,502)	20,931	$31,481	$ (310,021)	579,124	$ 217,750	$ (123,751)
Main Campuses/Selected courses/Census	509	6512	$ 9,379,252	$ (330,111)	20,187	$30,362	$ (299,750)	558,509	$ 209,999	$ (120,112)
Main Campuses/Selected Courses/Modified Time/Census	239	3914	$ 9,443,106	$ (266,257)	12,133	$18,249	$ (248,009)	235,231	$ 88,447	$ (177,810)
In district @ $16/SCH reduction	239	2743	$ 9,575,245	$ (134,119)	8,503	$12,789	$ (121,330)	235,231	$ 88,447	$ (45,672)
In district @ $11/SCH reduction	239	2743	$ 9,619,772	$ (89,591)	8,503	$16,786	$ (72,806)	235,231	$ 88,447	$ (1,144)
In district @ $8/SCH reduction	239	2743	$ 9,642,304	$ (67,059)	8,503	$19,183	$ (47,876)	235,231	$ 88,447	$ 21,388
In&Out of District @ $16/SCH reduction	239	3537	$ 9,536,387	$ (172,976)	10,965	$16,491	$ (156,485)	235,231	$ 88,447	$ (84,529)
In&Out of District @ $11/SCH reduction	239	3537	$ 9,568,776	$ (140,588)	10,965	$21,644	$ (118,943)	235,231	$ 88,447	$ (52,141)
In&Out of District @ $8/SCH reduction	239	3537	$ 9,584,018	$ (125,346)	10,965	$24,736	$ (100,610)	235,231	$ 88,447	$ (36,899)

*Source: ACC data base. Data as of 3/29/2002

[1] Tuition increase is based on an increase of 9.4% in SCH. This is calculated by subtracting the 3.9% enrollment increase for non-reduced sections from the 13.3% enrollment increase for reduced sections in the Spring 2002 pilot. The tuition amount is based on the amount for in-district students at the reduced rate.

[2] Reimbursement increase is based on an increase of 9.4% in Contact Hours. This is calculated by subtracting the 3.9% enrollment increase for non-reduced sections from the 13.3% enrollment increase for reduced sections in the Spring 2002 pilot. An average of $4 per contact hour is used to determine the amount of the reimbursement

Dallas County Community College District
Reduced Tuition Pilot Report to
The Texas Higher Education Coordinating Board
Related to the Spring Semester, 2002 and the Fall Semester, 2002

I. Introduction

The Dallas County Community College District (the District), asked to be included in the Reduced Tuition Pilot Project. This pilot was authorized by the Texas Legislature. The purpose of the Pilot is to determine whether or not students could be financially induced by reducing tuition prices to attend classes during off-peak enrollment periods in order to increase college physical plant utilization. The District's Board of Trustees agreed to reduce tuition for the Spring and Fall Semesters of2002 and for the Spring Semester of 2003 for off-peak periods of the day and on the week-end. The Board extended the reduced tuition pilot through the Spring 2003 semester to determine whether or not the results merited continuation.

II. Periods of Low Enrollment Demand

The District determined that the periods of low enrollment or off-peak demand would be afternoons and week-ends. The reduced tuition was offered for classes that started between 1:30 and 4: 15 p.m. Monday through Thursday, and for courses that start between 1:30 p.m. Friday and 11 p.m. Sunday. Summer sessions, special programs and distance learning classes were not included in the reduced tuition program.

III. Tuition Charge

Tuition is charged during the off-peak periods at one-half of the regular rate per credit hour. The 'regular tuition rates are $26 for in-county residents; $46 for out-of-county residents; and $76 for out-of-state and out-of-country residents. The reduced tuition charge is $13, $23 and $38 respectively for classes during the off-peak times.

IV. Impact and Results

A. Enrollment

The District has seen a dramatic increase in enrollment during the off-peak period subsequent to the reduced tuition pilot program implementation. In our District, the off-peak periods prior to the pilot were 10.9% of the total contact hour enrollment. After the pilot, the off-peak periods represent 13.1 %. The contact hour enrollment for the off-peak periods has increased by 17.6% last Spring and 36.9% this Fall with an overall increase of 27 .2%. This shift has provided for a substantial portion of the growth that the District has experienced.

B. Scheduling

The level of additional classes that were added in the off-peak periods tended to be strongest among those colleges that were experiencing difficulty in providing

adequate instructional space to meet the strong demand for classes during peak periods. Several of the District's colleges are at or near theoretical capacity of their classrooms during peak periods. Without the shift of students into the low demand periods, these colleges may not have been able to provide for the recent growth that has occurred in enrollment.

C. Costs

The attached schedules show a financial analysis of the pilot to the District. There are two distinct components to this analysis. First, there is the direct discount in tuition. In addition, there are the estimated incremental costs for contact hours for those classes that met during the target period above the previous period. These values are summarized for the District as $891,557 for the Spring Semester, 2002 in discounted tuition. Estimated incremental expense was $1,280,712. In addition the District recorded $1,028,958 for this Fall Semester in direct discounted tuition. For this Fall, the incremental costs are estimated at $2,653,224.

D. Facilities

The District has recognized a need to maximize its current facility use because of:

- the strong growth in the demographics and demand for education in Dallas County, and
- the need to accommodate higher participation rates as outlined in The Texas Higher Education Coordination Board's Report titled "Closing the Gaps".

Every effort is being made to maximize the use of the space available, before building additional classroom and lab facilities.

V. Conclusion

While the verdict about the success of the pilot for the District remains to be determined, it has helped us to evaluate how student behavior will change when offered the incentive of reduced tuition. At this point in our evaluation, it appears that student behavior has been influenced by these incentives. The District has experienced growth in peak enrollment aided by the financial incentives created for students enrolling during off-peak hours.

Houston Community College System
Reduced Tuition Pilot Project
Report to the Texas Higher Education Coordinating Board
Related to Spring Semester, 2002

I. Introduction

In October 2001, the Houston Community College System (HCCS) asked to be included in the Reduced Tuition Pilot Project. The Pilot was made possible with passage of HB 1465 by the Texas Legislature in 2001. The purpose of the Pilot is to determine whether or not students would be financially induced by reduced tuition prices to attend classes during off-peak enrollment periods in order to increase college physical plant utilization.

The HCCS Board of Trustees approved HCCS participation in the Pilot project as permitted by the Coordinating Board (Spring, Summer, and Fall 2002, and Spring 2003). HCCS participation in the Pilot project began in the Second Start semester of Spring 2002 with the offering of 108 classes for reduced tuition at off-peak hours at eight locations: Palm Center, Codwell Hall, Pinemont, Town & Country, Westgate, Eastside, Coleman, and Alief Center. (Note: While HCCS participation has continued during the Summer and Fall semesters of 2002, calculations for those semesters have not yet been completed.)

II. Off-Peak Hours

HCCS determined that the periods of low enrollment or off-peak demand would be week-day early mornings, late evenings, and afternoons, and week-ends. Reduced tuition was offered for classes on week-days that started and ended prior to 8:00 AM, that started and ended between 1:00 and 5:00 PM, and that started after 8:00 PM. The week-end was determined to be all classes that started and ended between 1:00 PM Friday and 11:00 PM Sunday. (Note: Not all HCCS classes offered during off-peak hours were chosen for reduced tuition.)

III. Tuition Charges

Tuition was charged during the off-peak periods at one-half the regular rate per credit hour. The regular tuition rates per semester credit hour were $19.00 for in-district students; $19.00 for out-of-district students; and $70 per hour for out-of-state and out-of-country students. The reduced tuition charges for the three groups were $9.50, $9.50, and $35 respectively. Student fees, including the out-of-district fee of $29 per semester credit hour, were not reduced.

IV. Impact and Results

A. Enrollment and Contact Hours

From Spring 2001 to Spring 2002, the semester credit hour headcount enrollment at HCCS increased from 35,563 to 38,878 students, or 9.3 percent. The number of contact hours during the same period increased 13 percent. The number of contact hours for off-peak hours increased 19 percent.

Although reduced tuition classes constituted just one of many factors in increasing overall enrollment, 1,318 students enrolled in the reduced tuition classes and 235 of these students were new to the system.

B. Scheduling

The number of classes added in the off-peak periods tended to be strongest among those colleges that were experiencing difficulty in providing adequate instructional space to meet the strong demands during peak periods. Several of the HCCS sites are at or near theoretical capacity during peak periods. Without the shift of students into the low demand periods, these colleges may not have been able to provide for the growth that occurred. For example, 563 of the total students in the Pilot attended the Alief Center at off-peak hours, increasing the total enrollment of a center designed to hold about 1,400 to over 3,700 students for the semester.

Central College was able to divert increased enrollment to Palm Center and Northeast College was able to divert students from Northline to Codwell and Pinemont. The Town & County, Westgate, Eastside, and Alief campuses were all better able to accommodate continuing growth. The total enrollments by site were as follows: Coleman, 13; Eastside, 205; Palm Center, 119; Codwell, 32; Alief, 563; Pinemont, 53, Town & County, 202; and Westgate, 131.

C. Costs

The attached schedules show a financial analysis of the Pilot at HCCS. On the one hand, the district showed a loss of potential tuition revenue for the Second Start semester of Spring 2002 of $56,827 (although it might be argued it also earned $56,827 in tuition it might not have otherwise gained). Additional costs to the district are the direct expenses of providing the instruction. At $4.04 per contact hour (according to the last community college cost survey), this amounted to $251,579.

HCCS contends that indirect costs at this phase of the pilot were minimal because the classes were scheduled in buildings already open and covered by administrative staff. Therefore, the total costs of the Pilot for Spring 2002 are estimated to have been $308,406 (lost tuition and direct instructional costs). The state appropriations for the increased hours of contact hours equals to $267,770. The difference between total costs and state appropriations results in a net cost to HCCS of $40,636 for the Spring 2002 semester (or a net gain of $16,191 if the one-half tuition earned is added).

V. Conclusions/Observations

While the verdict about the success of the Pilot for HCCS and the state remains to be determined, it has helped us to draw some preliminary observations:

- ✓ Students will respond to the incentive of reduced tuition to attend classes during off-peak hours, helping colleges better utilize physical facilities, not only by attracting students to alternative locations, but also by adding new classes at off-peak hours and freeing seats for other students at prime locations and hours.

- ✓ The Pilot resulted in an increased number of students taking more contact hours, thus increasing state appropriations for the college.

- ✓ The net "cost" or "gain" for the college is debatable, especially without the addition of "indirect costs." Perhaps the 50 percent reduction in tuition is too great an amount for the college to sustain and there is a smaller reduction that might achieve the same benefit of increased student enrollment while not resulting in any net cost to the college.

LETTER 1

October 1, 2002

Ms. Lynette Heckmann
Director of Special Projects
Community and Technical Colleges Division
Texas Higher Education Coordinating Board
P. O. Box 12788
Austin, Texas 78711

RE: Reduced Tuition Rate Pilot Study at Lee College

Ms. Heckmann,

Briefly stated, Lee College offered students a $7.00 per SCH refund for courses taken during "off-peak demand times" in Spring 2002. The offer was not repeated in Summer 2002 or Fall 2002. At the time the offer was made, our in-district tuition was $14.00 per SCH; total out-of-district tuition was $32.00 per SCH. Consequently, in-district students who took advantage of the offer received a 50 percent tuition reduction; for out-of-district students the reduction was about 22 percent.

We advertised the offer in our local newspaper and in campus publications including the class schedule for the Spring 2002 semester. We also scheduled some additional classes during the specified times to make the offer more attractive.

In Spring 2002, enrollment in classes offered at traditional times was up about 2.5 percent when compared to previous spring semesters. However, enrollment in classes offered at the "off-peak" times specified in our offer was up 5.7 percent relative to previous spring semesters. We credit the reduced tuition offer for the difference between 5.7 percent and 2.5 percent increases. That is, we assume that 3.2 percent of the students who attempted classes during the "off-peak" hours did so because of the offer. Further, we assume that 3.2 percent of the tuition, fees, and contact hours generated by students who took classes during the "off-peak" times were a consequence of the offer.

Thus, our estimate of the impact of the reduced tuition offer is that it accounted for about 3.2 percent of the 825 students who attempted classes during "off-peak" times (26 students) and the same percentage of the 93,184 Contact Hours that were generated by classes offered at "off-peak" times (2,982 Contact Hours).

Obviously, additional students mean additional tuition and fees. In this case, we estimate that the additional 26 students paid a total of $2,287 in tuition and fees. (Note that this estimate assumes that two thirds of the 26 students were in-district, that each student attempted 3 SCH of

coursework in classes offered during off-peak times, and that each student attempted an additional 5 SCH of coursework during other time periods.)

In contrast, all of the 825 students who attempted courses at the specified times received refunds and these refunds totaled $18,543. Thus, the college suffered a loss of about $16,250 in tuition and fees as a result of its reduced tuition rate offer.

Given however, that the average state reimbursement for contact hours attempted at Lee College is $4.04, the college would have realized an increase of about $12,047 in formula funding for the additional contact hours if the incentive had been offered in a funding year. While this does not offset the college's $16,250 estimated loss, it does suggest that a similar program designed to boost enrollments during non-peak enrollment periods – and thus improve facility utilizations -- could succeed if other factors were promoted.

Last, please note that a report in the format that you have recommended is attached.

Sincerely,

Martha Ellis, Ph.D.
President

LETTER 2

October 2, 2002

Ms. Lynette Heckmann
Director of Special Projects
Community and Technical Colleges Division
Texas Higher Education Coordinating Board
P. O. Box 12788
Austin, Texas 78711

Ms. Heckmann,

In response to your questions of October 2, 2002, I have attached a revised spreadsheet that reflects the accurate financial information. The average state reimbursement for Lee College is $4.12 and the overhead estimate is $5.54.

I have also attached a page from our spring catalog that shows the times included in the program:

Before 8:00 a.m. Monday through Friday
Between 1:00 p.m.-5:00 p.m. Monday through Thursday
Bfter 8:00 p.m. Monday through Thursday
After 12:00 p.m. on Friday
Anytime Saturday or Sunday

With only an approximate 26 new students enrolling at Lee College due to this incentive, there was little impact on scheduling and facility usage.

Sincerely,

Martha Ellis, Ph.D.
President

McLennan Community College

Reduced Tuition Pilot Program

October 2002

Submitted to the Texas Higher Education Coordinating Board

Contact Person:
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I. Introduction

In October 2001, McLennan Community College's Board of Trustees authorized the College's participation in the Pilot Project: Reduced Tuition for Certain Courses as established by the Texas Higher Education Coordinating Board. McLennan Community College (MCC) has offered approximately 50 reduced tuition classes since it began the program in the spring 2002 semester. The College's approach to the offering of reduced tuition classes represents a distinct departure from the approach applied by other colleges. Rather than offering reduced tuition for all classes that are typically scheduled during the afternoon hours, MCC offered selected classes at the reduced tuition rate during the afternoon hours. The College identified high-demand classes that were at full capacity during the morning hours. Additional sections of these classes were offered between 2:00 p.m. and 6:00 p.m., a time range that had the lowest course enrollment. The present report discusses the impact of the reduced tuition classes. Specifically, the report addresses the impact on enrollment, scheduling, costs, and facilities. The report represents a preliminary assessment of the impact of reduced tuition classes. The College's Office of Institutional Effectiveness and Planning is in the process of conducting a comprehensive study of the implications associated with reduced tuition classes.

II. Periods of Low Enrollment Demand

MCC regularly monitors its enrollment patterns to assist in the planning and scheduling of the type and amount of course offerings. Table 1 shows duplicated course enrollment by day and by time of day for the fall 2001 semester. Peak course enrollment occurred between 8:00 a.m. and noon. For example, eighty-one percent (81%) of course enrollment occurred between this timeframe on

Table 1

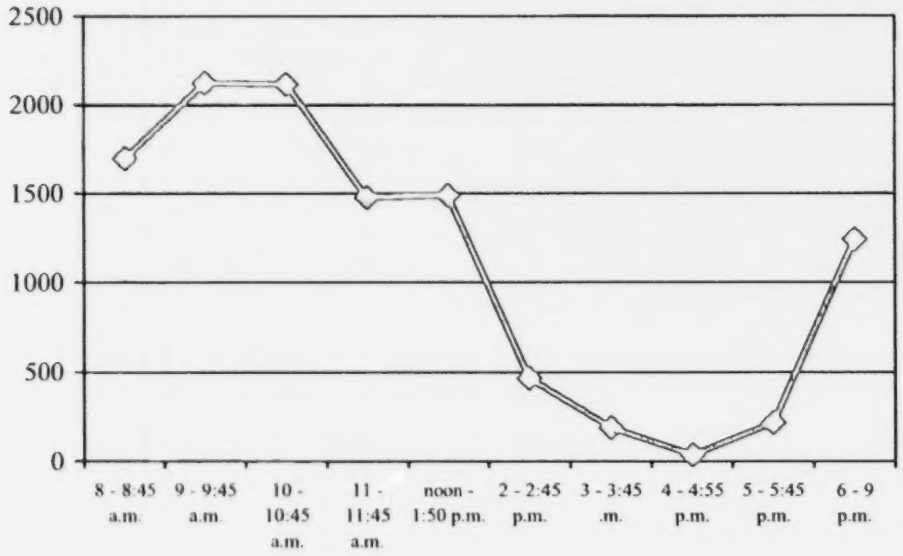
Fall 2001 MCC Course Enrollment by Time by Day

Includes all lectures and labs

Start Times	*Monday*	*Tuesday*	*Wednesday*	*Thursday*	*Friday*	*Saturday*
6:45 A.M. - 7:40 A.M.	79	19	79	19	64	
8:00 A.M. - 8:45 A.M.	1697	1707	1696	1687	1485	53
9:00 A.M. - 9:45 A.M.	2123	2360	2088	2360	1894	
10:00 A.M. - 10:50 A.M.	2117	177	2109	177	1831	
11:00 A.M. - 11:50 A.M.	1477	2063	1463	2063	1162	
12:00 P.M. - 12:50 P.M.	962	1191	961	1176	191	
1:00 P.M. - 1:50 P.M.	526	221	487	234	170	
2:00 P.M. - 2:45 P.M.	465	505	484	481	161	
3:00 P.M. - 3:45 P.M.	188	145	103	230	44	
4:00 P.M. - 4:55 P.M.	39	91	40	69	27	
5:00 P.M. - 5:45 P.M.	216	105	113	132	6	
6:00 P.M. - 9:00 P.M.	1241	1076	873	980	81	20

Monday. Course enrollment decreased dramatically after 2:00 p.m. before increasing again after 6:00 p.m. Less than 6% of course enrollment occurred between 2:00 p.m. and 5:00 p.m. About 13% of course enrollment occurred between 5:00 p.m. and 9:00 p.m. Figure 1 depicts the enrollment pattern for a given Monday by time of day.

Figure 1 Fall 2001 Course Enrollment (Monday by Time of Day)



Based on these results, the College offered specific classes at half the standard tuition rate between 2:00 p.m. and 6:00 p.m. The College chose to limit its reduced tuition offer to high-demand classes that were shown to be at or near full capacity during the morning hours.

III. Tuition Charge

During the spring 2002 semester, tuition for the targeted classes was charged at one-half of the regular rate per credit hour. Table 2 shows the regular and reduced tuition rates for the spring 2002, summer I 2002, and summer II 2002 semesters. The Board of Trustees approved an increase in tuition rates beginning in Summer 2002. Therefore, the rates for the summer I and II 2002 semesters are higher than the rates for the spring 2002 semester.

Table 2

Semester	Regular Tuition Rate per Semester Credit Hour			Reduced Tuition Rate per Semester Credit Hour		
	In County	Out of County	Out of State/Country	In County	Out of County	Out of State/Country
Spring 2002	$29	$34	$89	$14.50	$17	$44.50
Summer I 2002	$34	$39	$94	$17	$19.50	$47
Summer II 2002	$34	$39	$94	$17	$19.50	$47

Note: The figures in Table 2 do not reflect required tuition minimums.

Because the College only offered reduced tuition for selected classes, there was no confusion in regard to what classes were included in the reduced tuition program. In the College's course schedules, these classes were designated with unique section numbers.

IV. Impact and Results

A. Enrollment

The College experienced substantial increases in enrollment during each of the semesters where the reduced tuition program was applied. Increases in enrollment and contact hours were associated with all times of the day including the afternoon hours. The increase in course enrollment during the afternoon hours appears to be at least partially due to the addition of selected reduced tuition classes offered between 2:00 p.m. and 6:00 p.m. For example, for the spring 2002 semester, course enrollment increased by 623 (27%) between 2:00 p.m. and 6:00 p.m. compared to the previous spring semester. The targeted reduced tuition classes increased the course enrollment by 276, which accounts for 41% of the total increase from the previous spring semester.

The majority of the reduced tuition classes were at or near full capacity. The average size of the reduced tuition classes was 23, 20, and 24 for the spring 2002 semester, summer I 2002 semester, and summer II 2002 semester, respectively. The average class size for all classes offered at the College is approximately 20.

The enrollment impact associated with reduced tuition classes may not be limited to the afternoon hours. As noted previously, many of the targeted classes are

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typically at full capacity during the morning hours. Adding sections to the afternoon schedule did not result in a decrease in course enrollment during the morning hours. Consequently, the enrollment and contact hours generated through the reduced tuition classes appear to represent real enrollment growth rather than simply a shift in enrollment and contact hours. This constitutes one of the advantages to adding selected reduced tuition classes to the afternoon class schedule. The practice of adding reduced tuition classes in the afternoons allows the College to expand its course enrollment associated with high-demand classes.

However, it is important to acknowledge the possibility that similar enrollment growth might have been achieved through the addition of class sections at the same times even if they had been offered at regular tuition rates. This does represent one complication in interpreting the impact of offering selected classes during off-peak times. Additional research will be conducted by the College's Office of Institutional Effectiveness and Planning to assess these possibilities.

B. Scheduling

Offering high-demand classes during the afternoon hours has improved the College's ability to provide additional classes. Specifically, the College did not simply move class sections from one time of day to another time of day. Rather, additional class sections were offered during off-peak hours. It is assumed that some of the students who had planned to enroll in the same class during the morning hours, decided to take the class in the afternoon to receive the benefit of the reduced tuition. Consequently, students who could only take the class in the morning hours were able to enroll in a class that might have otherwise been full. Additional research is needed to confirm these assertions. However, limited analyses of the existing data suggest that this is a reasonable interpretation of the impact of reduced tuition classes.

C. Costs

The attached schedules detail the direct and indirect expenses associated with the targeted reduced tuition classes. Direct expenses include expenses associated with actual class instruction. Indirect expenses include expenses associated with institutional support, student services, public services, academic support, and operation and maintenance of facilities. Table 3 summarizes the lost revenue, direct expenses, and indirect expenses for each semester included in the program. For all three semesters included in the reduced tuition program, the total estimated cost was $341,424.

Table 3

	Contact Hours	Lost Revenue	Direct Expenses	Indirect Expenses	Total Cost
Spring 2002	15,104	$13,506	$60,294	$47,041	$120,841
Summer I 2002	16,496	$18,739	$65,851	$51,377	$135,967
Summer II 2002	10,512	$9,911	$41,963	$32,740	$84,614

The cost estimates do not account for revenue generated through fees and state reimbursement. Using a conservative funding rate ($3.50/contact hour), the total estimated expense of $120,842 would be offset by $52,864 in projected reimbursement by the State of Texas. The total expense estimate would be reduced further by $11,115 in revenue generated through fees. The total estimated expense after accounting for these revenue figures is $56,863, or 47% of the total estimated expense. If the same percentage (47%) is applied to all semesters, the total estimated cost is $180,955 rather than $341,424. This example illustrates that the cost estimates included in the attached expense sheets likely reflect an overestimation of the expenses associated with the offering of reduced tuition classes.

The cost estimates also do not account for new enrollment growth that may have occurred during the morning hours, when regular tuition classes are offered. As noted previously, the addition of targeted reduced tuition classes in the afternoon hours did not result in an enrollment reduction during the morning hours. Further study is needed to determine the degree to which the estimated expenses need to be reduced as a function of revenue growth during peak times.

D. Facilities

In regard to building/room utilization, the amount of building/room usage did not appear to decrease during the morning hours. Rather, any morning enrollment slots that opened as a result of students enrolling in the targeted reduced tuition classes filled quickly. The building/room usage did increase during the afternoon hours. Consequently, the program did result in greater use of the facility during off-peak times.

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The College is still in the process of determining the impact of the pilot program on the College's parking situation. The College has been actively addressing its parking situation for the past several semesters. Unless the targeted classes result in an enrollment reduction during the morning hours, any parking problems associated with the morning hours is not expected to change. However, it is clear that students who do choose to enroll in the targeted reduced tuition classes will not experience parking difficulties. Indeed, students may find the availability of parking during the off-peak times to be a substantial incentive to enroll in these classes.

If afternoon course enrollment continues to increase as the result of reduced tuition classes and/or other means, the College may be able to achieve its enrollment goals without a major expansion of its existing classroom and parking facilities. For example, the reduced tuition program could become one of the strategies the College employs to address the Closing the Gaps initiative.

V. Conclusion

The College's reduced tuition program resulted in an increase in enrollment during off-peak hours. The College chose to offer targeted classes at reduced tuition rates. The College identified high-demand classes offered during the morning hours and added reduced tuition sections of these classes during the afternoon hours. All reduced tuition classes were well attended. A preliminary analysis of the available data suggests that the addition of the reduced tuition classes produced real enrollment growth rather than a shift in enrollment from morning to afternoon hours. Although there appears to be several positives associated with the pilot project, the overall impact of the program is difficult to interpret at this point. Additional research is needed to identify the various advantages and disadvantages associated with the program. For example, the program may allow students currently receiving financial aid to use the savings associated with the reduced tuition classes to address some of their basic needs. Students receive the same grant award irrespective of whether they select reduced tuition or regular tuition classes. Such a possibility as well as other potential effects will need to be assessed through careful study.

The total estimated costs outlined in the attached worksheets suggest that the program is associated with substantial expenses. However, these worksheets do not account for revenue generated through fees and State reimbursement. Estimated expenses may be reduced by almost one-half of the projected amounts when these revenue sources are included. In addition, the offering of reduced tuition classes may generate additional enrollment in the morning hours.

The preliminary results described in this report suggest that the program merits continued participation and that there may be considerable direct and indirect benefits. Thus, the College is offering 17 reduced tuition classes during the fall

2002 semester, which represents an increase of six classes from the spring 2002 semester. These classes have generated a duplicated course enrollment of 445 and 22,656 contact hours. Comprehensive study of the impact of continued participation in the program is needed as additional data are collected.

McLennan Community College

Eligible Courses for the Reduced Program

For Spring 2002 semester, seven (12) courses were offered and a total of 236 students were enrolled. The following table summarizes by course enrollment, contact hours, and semester credit hours.

Reduced Tuition Courses	Enrollment	Contact Hours	# Semester Credit Hours	Faculty Status
COSC_1301_R1	31	992	93	Tenure Track
COSCL_1301_R1	16	512	48	Tenure Track
COSCL_1301_R2	11	352	33	Adjunct
ENGL_1302_R0	8	384	24	Tenured
ENGL_2322_R0	10	480	30	Tenured
MATH_0301_R1	24	1,536	72	Adjunct
MATH_0307_R1	31	1,984	93	Adjunct
MATH_0307_R2	33	2112	99	Tenure Track
MATH_1314_R1	32	2048	96	Adjunct
SOCI_1301_R0	31	1488	93	Adjunct
SPAN_1411_R0	27	2160	108	Adjunct
SPCH_1315_R0	22	1056	66	Tenured
Totals:	**276**	**15,104**	**855**	

For Summer I 2002 semester, twelve (12) courses were offered and a total of 291 students were enrolled. The following table summarizes by course enrollment, contact hours, and semester credit hours.

Reduced Tuition Courses	Enrollment	Contact Hours	# Semester Credit Hours	Faculty Status
BIOL_2401_R0	27	2,592	108	Adjunct
ENGL_1301_R0	20	960	60	Adjunct
ENGL_2327_R0	34	1,632	102	Adjunct
ENGL_2327_R1	30	1,440	90	Adjunct
FREN_2311_R0	9	432	27	Adjunct

HIST_1302_R0	37	1,776	111	No Tenure, not on track
MATH_0311_R0	14	672	42	Adjunct
MATH_1314_R0	23	1,104	69	Tenured
PSYC_2301_R0	32	1,536	96	Adjunct
RELI_1311_R0	25	1,200	75	Adjunct
SPAN_1411_R0	19	1,520	76	Tenured
SPAN_1411_R1	21	1,680	84	Adjunct
Totals:	**291**	**16,544**	**940**	

For Summer II 2002 semester, seven (7) courses were offered and a total of 142 students were enrolled. The following table summarizes by course enrollment, contact hours, and semester credit hours.

Reduced Tuition Courses	Enrollment	Contact Hours	# Semester Credit Hours	Faculty Status
BIOL_2402_R0	37	3,552	148	Tenure Track
BIOL_2420_R0	9	864	36	Adjunct
ENGL_1302_R0	18	864	54	Tenured
ENGL_2323_R0	30	1,440	90	Tenured
GEOL_1403_R0	19	1,824	76	Adjunct
READ_0302_RH	11	528	33	Tenured
SPAN_1412_R0	18	1,440	72	Adjunct
Totals:	**142**	**10,512**	**509**	

North Harris Montgomery Community College District
Reduced Tuition Pilot
Report to The Texas Higher Education Coordinating Board
Related to the Spring Semester, 2002 and the Summer Semester, 2002

I. Introduction

The North Harris Montgomery Community College, asked to be included in the Reduced Tuition Pilot Project. This pilot was authorized by the Texas Legislature. The purpose of the Pilot is to determine whether or not students could be financially induced by reducing tuition prices to attend classes during off-peak enrollment periods in order to increase college physical plant utilization. The District's Board of Trustees agreed to reduce tuition for the Spring and Summer Semesters of 2002 for classes beginning on August 2001 through August 2002. See attachment A.

II. Periods of Low Enrollment Demand

The District determined that the periods of low enrollment or off-peak demand would be Friday afternoons and week-ends. The reduced tuition was offered for classes beginning at 4:30 p.m. on Fridays, and will include classes offered on Saturdays and Sundays. The courses were offered at the main campuses and not our off site centers.

III. Tuition Charge

Tuition is charged during the off-peak periods at one-half of the regular rate per credit hour. The regular tuition rates are $26 for in-district residents and $40 for out-of-district residents. The reduced tuition charge is $13 and $20 respectively for classes during the off-peak times. The Reduced Tuition Pilot Program did not apply to out of state and international students.

IV. Impact and Results

A. Enrollment

The District has seen an increase in enrollment during the off-peak period subsequent to the reduced tuition pilot program implementation. Total enrollment increased 22% for the Spring semester. In our District, the off-peak periods prior to the pilot were 2.4% of the total contact hour enrollment. After the pilot, the off-peak periods represent 2.4%. Our analysis indicates that the contact hours remained stagnate during this pilot program. The additional courses that we offered during the Reduced Tuition Pilot Project were mainly those having low contact hours.

B. Scheduling

As a result of the program, the district offered 133 sections in the Spring 2002. This is an increase of 19 sections from Spring 2001. The list of courses offered are listed on attachment B.

C. Costs

The attached schedules show a financial analysis of the pilot to the District. There are two distinct components to this analysis. First, there is the direct discount in tuition. In addition, there are the estimated incremental costs for contact hours for those classes that met during the target period above the previous period. These values are summarized for the District as $90,996 for the

Spring Semester, 2002 in discounted tuition. Estimated incremental expense was $144,484. See attachment C.

D. Facilities

As a result of the Pilot Program, the District gained efficiencies in the usage of its facilities by offering more classes on the weekend when facilities are under utilized.

V. Conclusion

Our analysis indicates that the program was a success in getting people to take classes during off peak periods. We also had the opportunity to use under utilized facilities. It was also determined through our analysis that the loss suffered from the Reduced Tuition Program exceeded the benefit gained through increased enrollments and contact hour reimbursement. If the program is continued, we propose more flexibility with the tuition rates.

SAN JACINTO COLLEGE DISTRICT
REDUCED TUITION PILOT
REPORT TO THE TEXAS HIGHER EDUCATION COORDINATING BOARD
RELATED TO THE SPRING, 2002 AND FALL, 2002 SEMESTERS

I. Introduction

The 2001 session of the Texas Legislature authorized a statewide pilot project that would permit state-supported colleges and universities to reduce tuition for courses taught during time of low enrollment. If successful, the pilot would increase enrollment at those times and maximize facilities usage and thereby reducing the need for costly new construction and renovation.

The San Jacinto College District asked to be included in the Reduced Tuition Pilot Project and on December 3, 2001, the San Jacinto College District Board of Regents approved the participation of the college's three campuses in the pilot. The South Campus was the first to participate and offered an array of courses in a regular semester length format. The Central and North Campuses joined the pilot at mid-semester with courses offered in a fast-track format.

II. Periods of Low Enrollment

Since San Jacinto College has a well-established weekend program with substantial demand, it was determined that the pilot project would not include weekend courses. The period of time during which there existed the least demand was determined to be weekday afternoons. It was agreed that classes offered between 1:30 p.m. and 5:30 p.m. from Monday through Friday would be classified as Reduced Tuition sections. Each of the campuses identified a set of courses which would be designated for reduced tuition. Summer sessions, Continuing Education and Distance Learning classes were not included in the reduced tuition program.

III. Tuition Charge

Tuition charged during periods of low enrollment was one-half of the regular rate per credit hour. The regular tuition rates are $18 for in-district residents, $34 for out-of-district residents, and $60 for out-of-state and out-of-country residents. The reduced tuition rates are $9, $17 and $30 respectively for classes during periods of low enrollment.

IV. Impact and Results

A. Enrollment

Prior to the enactment of House Bill 1465, very few courses were offered between the hours of 1:30 p.m. and 5:30 p.m. during the week. Traditionally, even though attempts were made periodically to schedule classes during those times, students chose not to enroll in them. The incentive provided by reducing the tuition to 50 percent of the regular rate created an opportunity for students to attend college who might not otherwise have been able to do so due to financial considerations. The result was an increase of 16,832 contact hours between the Spring of 2001 and the Spring of 2002, for an overall increase of 6%.

B. Scheduling

All three of the San Jacinto College District's campuses are operating at or near full capacity during peak hours. With the addition of the reduced tuition project, the campuses have been able to schedule classes that would not otherwise have been scheduled. This has permitted the college to increase the number of sections offered and, as a consequence, increase its enrollment.

C. Costs

The attached table is a financial analysis of the pilot project for the San Jacinto College District. For the district as a whole, the college recorded $16,914 in discounted tuition. Direct and indirect expense estimates were recorded at $149,752 for a total revenue reduction and estimated expenses of $166,666.

D. Facilities

The San Jacinto College District recognizes the need to maximize its use of facilities due to:

- Increased enrollment during peak hours
- The need to provide classes at varying times to fulfill the needs of its students

V. Conclusion

It would appear from preliminary research that the reduced tuition project succeeded in its goal. Findings indicate that reduced tuition classes attracted new enrollment. For our South Campus, enrollment increased significantly with the addition of reduced tuition semester length classes. What remains to be determined, for our North and Central Campuses, is whether their new enrollment was attracted by the tuition reduction or by the fact that the courses offered were fast-track and not semester in length.

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